

Message Text

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ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 EB-03 NSC-05 NSCE-00 CIAE-00

INR-05 SP-02 SAJ-01 PRS-01 /040 W

----- 129525

R 161012Z OCT 75

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 5616

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LIMDIS

E.O. 11652: GDS

TAGS: ETRD, UR, US

SUBJECT: CALL ON SECRETARY BY DEPUTY FOREIGN TRADE MINISTER ALKHIMOV

1. JOHN T. CONNOR, JR., SENIOR VICE PRESIDENT OF US-USSR TRADE AND ECONOMIC COUNCIL, CALLED ON AMBASSADOR OCTOBER 15 TO URGE EMBASSY ASSISTANCE IN PROCURING LETTER FROM US GOVERNMENT IDENTIFYING SOVIET PROJECTS IN WHICH AMERICAN FIRMS WISH TO PARTICIPATE. REFERRING TO CONVERSATION BETWEEN SECRETARY AND ALKHIMOV DURING LATTER'S RECENT WASHINGTON VISIT, CONNOR CLAIMED AGREEMENT WAS REACHED THAT SUCH A LETTER WOULD BE ARRANGED.

2. ACCORDING TO CONNOR, WHAT ALKHIMOV WANTS IS LETTER SIMILAR TO JUNE 1, 1973 LETTER ADDRESSED FROM COMMERCE SECRETARY DENT TO ALKHIMOV WHICH NOTED, INTER ALIA, THAT QTE THE DEPARTMENT OF COMMERCE INFORMS YOU THAT THE US GOVERNMENT SEES NO IMPEDIMENT TO THE AGREEMENT CONCLUDED BETWEEN THE MINISTRY OF FOREIGN TRADE OF THE USSR AND THE OCCIDENTAL PETROLEUM CORPORATION ON APRIL 12, 1973 UNQTE.

3. LETTER NOW UNDER CONSIDERATION WOULD PRESUMABLY CONVEY ASSURANCES THAT USG TAKES SIMILAR VIEW TOWARD DISCUSSIONS BETWEEN US FIRMS AND SOVIETS FOR THREE JOINT PROJECTS: (1) CASPIAN IRON/STEEL PROJECT WITH

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ARMCO STEEL PARTICIPATION; (2) ALUMINUM/ALUMINA PROJECT

WITH ALCOA; AND (3) YENISEYSK PULP/PAPER PROJECT WITH INTERNATIONAL PAPER. BECAUSE GENERAL AGREEMENTS ON THESE ENTERPRISES HAVE NOT YET BEEN CONCLUDED WITH INTERESTED AMERICAN COMPANIES, SOVIETS WOULD LIKE RELEVANT WORDING OF REQUESTED LETTER TO INDICATE THAT USG QTE FAVORS PARTICIPATION UNQTE, IDENTIFYING FIRMS AND PROJECTS BY NAME.

4. WHILE TO BEST OF EMBASSY'S KNOWLEDGE THERE IS NO US COMPETITION TO ARMCO AND INTERNATIONAL PAPER FOR PROJECTS IN QUESTION, BOTH KAISER AND ALCOA HAVE BEEN TALKING WITH SOVIETS ON ALUMINA/ALUMINUM PROJECT, AS HAS FRENCH FIRM PECHENNEY-UGINES-KUHLMANN. THIS LATTER CIRCUMSTANCES WOULD SEEM TO COMPLICATE FULFILLMENT OF AKHIMOV'S REQUEST UNTIL SUCH TIME AS KAISER RENOUNCES INTEREST.

5. IT APPEARS LIKELY TO US THAT ALTHOUGH ALKHIMOV MAY HONESTLY REQUIRE WRITTEN USG APPROVAL FOR THESE PROJECTS IN ORDER TO MOVE PROJECTS EXPEDITIOUSLY THROUGH SOVIET BUREAUCRACY, HE AND HIS FOREIGN TRADE MINISTRY COLLEAGUES MAY ALSO SEE THE PROPOSED LETTERS AS MEANS OF PRESSURING COMPANIES INTO LESS HARD-NOSED ATTITUDES DURING NEGOTIATIONS FOR GENERAL AGREEMENTS AND EVENTUALLY SALES/PURCHASES/ENGINEERING/CONSTRUCTION CONTRACTS.

6. PLEASE ADVISE.
STOESSEL

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Message Attributes

Automatic Decaptoning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, DIPLOMATIC DISCUSSIONS, DIPLOMATIC NOTES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 OCT 1975
Decapton Date: 28 MAY 2004
Decapton Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MOSCOW14802
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750359-0659
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751047/aaaabpyq.tel
Line Count: 90
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 12 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 JUN 2003 by ShawDG>; APPROVED <03 NOV 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CALL ON SECRETARY BY DEPUTY FOREIGN TRADE MINISTER ALKHIMOV
TAGS: ETRD, UR, US, (CONNOR, JOHN T), (ALKHIMOV)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006